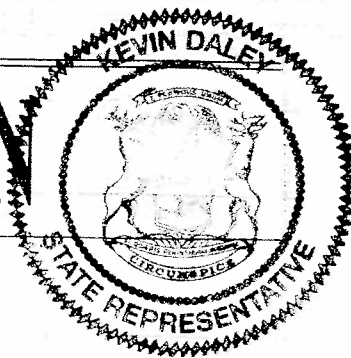


## OPINION



## Welfare Wagons

Congratulations. You're about to buy a fancy new Nissan Leaf or Chevy Volt... for someone else.

This is news masochists will want to grind their faces into after sending a big check last month to the IRS. GM's Volt is expected to arrive on the market first, in November. Nissan, whose all-electric Leaf will roll out in December, landed a preliminary blow last month, announcing a surprisingly modest price for an electric car of \$25,280. That's after a \$7,500 federal tax credit is counted.



## BUSINESS WORLD

By Holman W. Jenkins, Jr.

Buyers will also have to spring for a \$2,200 charging station, but another tax credit cuts the cost in half. Wonder why Nissan aims its first deliveries to California, Georgia and Tennessee? Those states will chip in additional consumer tax credits as high as \$5,000.

GM originally floated a price of \$40,000 for its Volt, but it certainly is rethinking that now. Neither car will make a profit for its maker. In their mental if not actual accounting, both undoubtedly will charge part of the cost to corporate marketing, since they hope the cars will lend a shine to their entire lineups. Both will mentally charge some of the cost to their pickup and SUV operations, since electric cars will create headroom under EPA rules to sell more of their bigger vehicles.

But understand something else: By pricing low and going for volume, Nissan's CEO Carlos



And here's how much subsidy I will need...

Ghosn is making a calculated grab for the lion's share of the available tax dollars—and also pressuring Washington to extend the program when the money runs out.

Mr. Ghosn has made no secret of his expectations—"We are negotiating with the U.S. government to make sure we have a reasonable return on our investments and continue to develop the technology," he said last year.

### The new electric cars are powered by taxpayer credits.

And so a boondoggle is born. Last month, after a meeting with White House Car Czar Ron Bloom, the Alliance of Automobile Manufacturers produced a multipoint proposal for how the handouts can be made to flow more or less in perpetuity.

Let's concede that the Leaf and Volt will be nifty gadgets,

but not unless we're going to start subsidizing Ferraris for the tiara set is it possible to imagine a more regressive tax subsidy.

In particular, the Leaf is a car for a wealthy hobbyist, good for a trip of 100 miles after which it becomes an inert lump at the end of your driveway (or behind a tow truck) for the many hours it will take to recharge.

The Volt at least is a car someone might live with, since it can run indefinitely on gasoline once its 40-mile battery charge runs out. Nonetheless, GM continues to make startling claims that the car will get 50 mpg in gas-powered mode and will have a 300-mile range—even as the company strangely declines to specify how many gallons the gas tank will hold.

Never mind. iPad lust applies to cars too, and early adopters can be expected to line up around the block. But it is insane to subsidize these vehicles with taxpayer dollars.

Even if you believe saving gasoline is a holy cause, subsidiz-

ing electric cars simply is not a substitute for politicians finding the courage to jack up gas prices. Think about it this way: You can double the fuel efficiency of any car by putting a second person in it. You can increase its fuel efficiency to infinity by refraining from frivolous trips.

These are the incentives that flow from a higher gas price. Exactly the opposite incentives flow from mandatory investment in higher-mileage vehicles. You paid a lot for a car that costs very little to operate—so why not operate it? Why bother to car pool? Why not drive across town for a jar of mayonnaise?

Though as eager as any to clamber aboard the electric-vehicle bandwagon, German parts maker Robert Bosch notes with rare honesty that electric cars may end up responsible for more CO<sub>2</sub> than their conventional counterparts in regions (like much of the U.S.) where electricity is produced from coal.

Saving a certain magical amount of gasoline won't allow the U.S. to disentangle itself from the Middle East. It wouldn't allow the U.S. to walk away from its global policeman labors. We could convert all our cars to electricity and the U.S. would not willingly relinquish its military hegemony.

Unwillingly, of course, is a different matter. Tax handouts for electric vehicles are emblematic of an alarmingly childish refusal to take account of circumstances. The U.S. government is deeply in debt. In people and nations with their backs to the wall, one looks for signs of rationality. Running up more debt to subsidize electric runabouts for suburbanites is not such a sign.

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